See pages 6, 7, 8, 9 for breakdown by divisions.

PROSPECTUS

General Aniline & Film Corporation

426,988 Common A Shares

(Without Par Value)

1,537,500 Common B Shares

(Par Value $1 per Share)

The shares of stock of General Aniline & Film Corporation covered by this Prospectus are to be subject to restrictions on ownership and transfer. For further details as to such restrictions, reference is made to the Special Order proposed to be issued by the Attorney General of the United States and to "Description of Capital Stock" herein.

The shares of stock offered hereby are outstanding shares being offered by the Attorney General of the United States, the seller. General Aniline & Film Corporation (hereinafter called the "Company") will receive no part of the net proceeds of the sale of the shares offered hereby.

The Common A Shares have a $75 per share preference on liquidation or dissolution and, although not now listed on any exchange, are redeemable at the average market price over a 30 day period on any recognized stock exchange but at not less than $110 per share. (See "Description of Capital Stock" herein.)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Attorney General of the United States is the record holder of 540,894 Common A Shares, which, at October 31, 1956, represented 91.25% of the outstanding Common A Shares, and 2,050,000 Common B Shares, which, at October 31, 1956, represented 100% of the outstanding Common B Shares of the Company. This Prospectus is issued in connection with the invitation by the Attorney General for bids for the purchase from him of 426,988 Common A Shares and 1,537,500 Common B Shares as an entirety. If any such bid is accepted and if the successful bidder plans to distribute the shares, the Company will file such post-effective amendments to the Registration Statement as may be necessary to amend the Prospectus to include the requisite additional information. (See "Principal Holders of Equity Securities" and "Terms of Offering" herein.)

ATTORNEY GENERAL OF THE UNITED STATES

Office of Alien Property

Department of Justice

101 Indiana Avenue, N.W., Washington 25, D. C.

The date of issue of this Prospectus is February 21, 1957.

GAFDOJ02591

G-I_EPA0019155

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized.

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REGISTRATION STATEMENT

General Aniline & Film Corporation (hereinafter referred to as the "Company") has filed with the Securities and Exchange Commission, Washington, D. C., a Registration Statement (hereinafter, together with all amendments thereto, sometimes referred to as the "Registration Statement") under the Securities Act of 1933, for the registration of the Common A Shares and Common B Shares covered by this Prospectus. This Prospectus does not contain all of the information set forth in the Registration Statement, certain items of which are contained in schedules and exhibits to the Registration Statement, as permitted by the rules and regulations of the Securities and Exchange Commission. For further information with respect to the shares offered hereby and the Company, reference is made to the Registration Statement, including the exhibits thereto and the financial statements, notes and schedules filed as part of the Registration Statement. Except where otherwise indicated, this Prospectus speaks as of the date of issue.

The Attorney General of the United States, by Special Order No. 35 dated January 14, 1957, authorized and directed the Company and its officers and directors to take such action as might be necessary and appropriate to execute and cause to be filed with the Securities and Exchange Commission the Registration Statement and this Prospectus, and to take such other steps as might be necessary and appropriate to effect the registration of the shares covered thereby. The Special Order provides, among other things, that all actions taken and acts done by the Company and its officers and directors pursuant thereto "shall be deemed to have been taken and done in reliance on and pursuant to paragraph numbered (2) of sub-division (b) of section 5 of the Trading with the Enemy Act, as amended, and the acquittance and exculpation therein provided." The Company and its officers and directors believe that the provisions of such paragraph (2) relieve them from any liability in connection with any action taken, act done or omission by them in good faith pursuant to the Special Order, including the registration of the shares covered by the Registration Statement, which might be imposed upon them by virtue of any of the provisions of the Securities Act of 1933, as amended, or otherwise.

THE COMPANY

The Company was incorporated in the State of Delaware on April 26, 1929, under the name of American I.G. Chemical Corporation. At various times the Company acquired 82% of the outstanding stock of Agfa Ansco Corporation, 100% of the outstanding stock of General Aniline Works, Inc., and 100% of the outstanding stock of Ozalid Corporation. On October 31, 1939, General Aniline Works, Inc. was merged into the Company, which thereupon changed its name from American I.G. Chemical Corporation to General Aniline & Film Corporation. On December 29, 1939 and September 30, 1940, Agfa Ansco Corporation and Ozalid Corporation, respectively, were merged into the Company. On November 5, 1953, the Company issued to the Attorney General of the United States 65,085 of its Common A Shares in exchange for 100% of the outstanding capital stock (8,678 shares) of General Dyestuff Corporation. General Dyestuff Corporation was merged into the Company as of June 30, 1954.

The principal executive offices of the Company are located at 230 Park Avenue, New York 17, New York.

CAPITALIZATION

The capitalization of the Company as of October 31, 1956 was as follows:

Title of Class	Amount Authorized	Amount Outstanding
Long-Term Debt:		
2.95% Note Payable, due June 1, 1967 (annual prepayments of $1,000,000 each June 1 from 1956 to 1966)(1)	—	$13,500,000(2)
3½% Notes Payable, due March 1, 1972 (annual prepayments each March 1, 1957 to 1971 ranging from $500,000 to $1,250,000)(1)	—	$19,500,000(2)
Capital Stock:		
Common A Shares, No Par Value	3,000,000 shares	592,742.1 shares(3)
Common B Shares, $1 Par Value	3,000,000 shares	2,050,000 shares(4)

(1) The Notes were issued pursuant to loan agreements dated July 10, 1947 and July 5, 1951, as amended, with Metropolitan Life Insurance Company.

(2) Exclusive of current maturities.

(3) Exclusive of 2,043.9 shares in treasury.

(4) Exclusive of 950,000 shares in treasury.

NOTE: *Reference is made to Notes 7 and 8 to the Financial Statements herein for information concerning restrictions on cash dividend payments and obligations under long-term leases. See also under "Description of Capital Stock" for information as to a proposed reclassification of shares.*

PRICE RANGE OF STOCKS

The following tabulation shows the price range of bid prices of the Common A Shares as reported by the National Quotation Bureau:

	High	Low
1950	86	63
1951	136	76
1952	140	90
1953	124	94
1954	111	75
1955	115	95
1956	198	113

On February 1, 1957, the closing bid price of the Common A Shares, as so reported, was 128.

During the above period, there have been no known bids on the Common B Shares. Title to all the outstanding Common B Shares is vested in the Attorney General of the United States.

SUMMARY OF EARNINGS

The following summary, expressed in thousands, shows the consolidated earnings of the Company and its subsidiaries for the ten years ended December 31, 1955, the eight months ended August 31, 1956 and 1955, and the ten months ended October 31, 1956 and 1955. The summary with respect to the ten years ended December 31, 1955, and the eight months ended August 31, 1956, has been examined by Arthur Andersen & Co., independent public accountants, whose opinion thereon is included in this Prospectus. The results of operations of the Company and its

	1946	1947	1948	1949	1950
Net sales	$67,813	$78,741	$95,002	$85,733	$102,468
Gross profit	$23,108	$26,580	$36,907	$29,442	$ 39,842
Operating expenses (including state taxes on income)	17,391	19,296	21,696	22,165	23,766
	$ 5,717	$ 7,284	$15,211	$ 7,277	$ 16,076
Other deductions (income):					
Interest on borrowed capital	$ 184	$ 390	$ 622	$ 609	$ 590
Sales and purchase discounts (net)	514	644	778	602	755
Royalty expense	213	376	577	476	—
Income from securities	(482)	(109)	(221)	(182)	(206)
Royalty income	(418)	(445)	(410)	(400)	(422)
Sale of trade-mark and related business	—	—	(750)	—	—
Amount received in settlement of litigation	—	—	—	—	—
Miscellaneous (net)	(157)	(110)	(98)	181	(116)
	$ (146)	$ 746	$ 498	$ 1,286	$ 601
Profit before Federal taxes on income	$ 5,863	$ 6,538	$14,713	$ 5,991	$ 15,475
Provision for Federal taxes on income:					
Normal and surtax	$ 2,275	$ 2,716	$ 5,355	$ 2,514	$ 6,483
Excess profits tax	—	—	—	—	1,089
Credit arising from carry-back of unused excess profits credit	—	—	—	—	—
	$ 2,275	$ 2,716	$ 5,355	$ 2,514	$ 7,572
Net profit (Note 3)	$ 3,588	$ 3,822	$ 9,358	$ 3,477	$ 7,903
Per share (Note 4):					
Net profit—					
Common A Shares	$ 4.498	$ 4.792	$11.731	$ 4.359	$ 9.907
Common B Shares	.450	.479	1.173	.436	.991
Dividends (Note 5)—					
Common A Shares	$ 2.50	$ —	$ —	$ —	$ 1.00
Common B Shares	.25	—	—	—	.10

NOTES:

(1) The above summary of earnings includes the operating results of General Dyestuff Corporation and subsidiary prior to June 30, 1954. As of October 31, 1953, the Company exchanged 65,085 of its Common A Shares for all of the outstanding capital stock of General Dyestuff Corporation which, since 1927, had been the exclusive selling agent for dyestuffs manufactured by the Company and its predecessor. General Dyestuff Corporation was merged into the Company as of June 30, 1954.

(2) The summary of earnings has been adjusted to reflect the retroactive application of certain direct surplus charges and credits (net charge, $343,527) made in 1954 to record the liability for vacation pay and certain other expenses as of January 1, 1954, and to adjust renegotiation and other reserves provided in prior years. As a result of such adjustments, the net profit shown above for the years 1946 to 1953 inclusive, has been increased (decreased) from that previously reported to stockholders by the following amounts: 1946—($96,000); 1947—($91,000); 1948—($115,000); 1949—$106,000; 1950—($78,000); 1951—$11,000; 1952—$264,000 and 1953—($108,000).

subsidiaries for the eight months ended August 31, 1955, and for the ten months ended October 31, 1956 and 1955, have been summarized from the records of the companies without audit, and in the opinion of the Company reflect all adjustments necessary to present fairly the results of operations for the periods. The summary should be read in conjunction with the Financial Statements and accompanying notes appearing elsewhere in this Prospectus and with the notes below:

Year Ended December 31					Eight Months Ended August 31		Ten Months Ended October 31	
1951	1952	1953	1954	1955	1955 (Unaudited)	1956 (Note 6)	1955 (Unaudited)	1956 (Unaudited) (Note 6)
(Amounts, except per share figures, in thousands)								
$107,612	$107,621	$109,600	$104,964	$121,248	$78,493	$85,265	$100,843	$108,564
$ 40,183	$ 33,871	$ 34,256	$ 33,989	$ 39,817	$25,838	$27,936	$ 32,966	$ 34,756
26,628	26,850	26,983	28,100	29,827	19,513	20,566	24,749	25,696
$ 13,555	$ 7,021	$. 7,273	$ 5,889	$ 9,990	$ 6,325	$ 7,370	$ 8,217	$ 9,060
$ 632	$ 1,122	$ 1,234	$ 1,207	$ 1,157	$ 771	$ 764	$ 964	$ 952
712	784	757	710	740	472	522	597	647
9	(3)	11	15	15	7	7	13	20
(169)	(302)	(559)	(561)	(295)	(178)	(327)	(232)	(409)
(368)	(185)	(323)	(306)	(461)	(288)	(502)	(376)	(600)
—	—	—	—	—	—	—	—	—
—	(918)	—	—	—	—	—	—	—
(315)	(79)	(77)	(205)	(101)	(47)	(175)	(63)	(188)
$ 501	$ 419	$ 1,043	$ 860	$ 1,055	$ 737	$ 289	$ 903	$ 422
$ 13,054	$ 6,602	$ 6,230	$ 5,029	$ 8,935	$ 5,588	$ 7,081	$ 7,314	$ 8,638
$ 6,646	$ 3,344	$ 3,380	$ 2,510	$ 4,718	$ 2,950	$ 3,808	$ 3,862	$ 4,661
1,179	—	—	—	—	—	—	—	—
—	(1,179)	—	—	—	—	—	—	—
$ 7,825	$ 2,165	$ 3,380	$ 2,510	$ 4,718	$ 2,950	$ 3,808	$ 3,862	$ 4,661
$ 5,229	$ 4,437	$ 2,850	$ 2,519	$ 4,217	$ 2,638	$ 3,273	$ 3,452	$ 3,977
$ 6.554	$ 5.562	$ 3.572	$ 3.158	$ 5.286	$ 3.306	$ 4.103	$ 4.328	$ 4.986
.655	.556	.357	.316	.529	.331	.410	.433	.499
$ 1.00	$ 1.00	$ 1.00	$ .25	$ —	$ —	$ —	$ —	$ —
.10	.10	.10	.025	—	—	—	—	—

(3) Reference is made to Note 7 of the Notes to Financial Statements for a description of restrictions on the payment of dividends (other than dividends payable in capital stock of the Company).

(4) The net profit per share shown above was computed by recognizing the ratio (10 to 1) for payment of dividends on Common A and Common B Shares required by the Certificate of Incorporation (see Note 6 of the Notes to the Financial Statements). The number of shares used in this computation was the number outstanding at the close of each period, except that for the years prior to 1953 the number of Common A Shares outstanding was increased by 65,085 shares which were issued in that year in exchange for all of the outstanding capital stock of General Dyestuff Corporation.

The amount of dividends per share is based on the number of shares outstanding at the time of payment.

(5) Of total dividends of $1,831,662 payable in 1946, $1,679,432 was paid by transfer of 14,541 shares of fully paid and 1,021 shares of 50% paid stock of I. G. Chemie to certain stockholders of the Company who elected to receive such shares in exchange for dividends payable.

(6) The figures for the eight months ended August 31, 1956, and the ten months ended October 31, 1956, do not necessarily furnish a basis for estimating the results of operations for the full year 1956.

DESCRIPTION OF BUSINESS

The Company is engaged in the manufacture and sale of dyestuffs and chemicals through its Dyestuff and Chemical Division; photographic products, including films, papers, processing chemicals, cameras and accessories through its Ansco Division; and dry development white print reproduction machines and sensitized materials used in the reproduction process through its Ozalid Division. The operating Divisions are more fully described below.

The following table shows the percentages of the Company's total sales by Divisions for the six years ended December 31, 1956:

Year	Dyestuff and Chemical Division	Ansco Division	Ozalid Division	Total
1951	52.4%	33.2%	14.4%	100%
1952	46.8%	37.0%	16.2%	100%
1953	44.9%	39.2%	15.9%	100%
1954	46.8%	37.4%	15.8%	100%
1955	48.2%	36.5%	15.3%	100%
1956	46.2%	37.1%	16.7%	100%

The operations of the Company are also conducted through the medium of three wholly-owned subsidiaries, namely, Collway Colors Incorporated (a New Jersey corporation), which produces special pigment colors at its plant at Paterson, New Jersey, for use in pigmenting printing inks, paints, crayons, leather and for other purposes; Ansco of Canada Limited (a Dominion corporation), which is the Canadian sales outlet for the Ansco Division; and General Dyestuff Realty Co., Inc. (a New York corporation), which is the owner and lessor of four branch sales offices and warehouses of the Dyestuff and Chemical Division.

The Company has a 50% interest in Generale Anilina & Saronio, S.p.A., an Italian affiliate, which is not presently on an operating basis, and a 49% interest in the common stock of Chemical Developments of Canada Limited.

The Company maintains a substantial research organization. As of December 31, 1956, there were 141 scientifically trained employees (having one or more college degrees) in the Company's research department. During the past six years, expenditures for research have averaged between 4% and 5% of sales. Research activities have been devoted to creating new products for sale and improving the Company's raw material position, as well as improving the competitive position of existing products.

The Company has a substantial number of patents and patent applications derived from its own research activities and a substantial number of patents acquired from outside sources. The Company also has a substantial number of trade marks. The Company does not consider its present operations to be materially dependent upon any single patent or any group of related patents.

The Company's products are marketed in foreign countries through independent distributors and licensees, with the exception of Canadian sales, in which case the Dyestuff and Chemical Division employs Chemical Developments of Canada Limited as its sales outlet. Ansco of Canada Limited is the sales outlet for the Ansco Division. The total volume of foreign sales in 1955 and 1956 amounted to $10,737,000 and $11,402,000, respectively.

The Company's products are sold in competition not only with the same or similar products of other manufacturers but also with other products which may be used for the same purposes, and the Company anticipates that keen competition will continue to exist in substantially all of the fields in which it is engaged. Such competition has been growing and intensifying during recent years and, although there have been price increases to meet increased costs, the selling prices of certain products have been reduced or not increased to maintain their competitive position.

Dyestuff and Chemical Division

This Division is engaged in the manufacture and sale of the following principal products:

Dyes and Pigments—vat dyes, direct and developed dyes, chrome dyes, acetate dyes, sulphur dyes and pigments (organic and inorganic).

Chemical Intermediates for dyes, pharmaceuticals and surface active agents.

Surface Active Agents—detergents (nonionic, anionic and cationic), wetting agents and emulsifiers.

Acetylene Derived Chemicals—butynediol, butanediol, propargyl alcohol, butyrolactone, pyrrolidone, vinyl pyrrolidone and poly vinyl pyrrolidone.

Chlorine, caustic soda, caustic potash, sodium hypochlorite and muriatic acid.

Specialty Chemicals—carbonyl iron powders (radio and television cores), chelating agents, optical bleaches, ultra violet absorbers, corrosion inhibitors, chemicals used in producing petroleum, color formers and sensitizers and photographic developers.

Substantially all of the products of the Division are sold for use in the manufacture of other products or for further processing in end products. The Division manufactures an extensive line of dyestuffs for coloring textiles (natural as well as synthetic), leather, paper, gasoline, plastics, paints, varnish, inks, furs, household soap and detergents, concrete and roofing granules. The Division is one of the four principal manufacturers of dyestuffs in the United States and one of the two principal producers of vat dyes.

In prior years, the chemical business of the Division consisted substantially of sales of chemical auxiliaries to the textile, paper and leather industries. More recently, however, the major growth of the chemical business has been in supplying base ingredients for household detergents, emulsifiers and wetting agents for insecticides, industrial cleaners, emulsifiers and stabilizers for the manufacture of rubber and plastics, drilling mud additives and chemical processing. The Division is the principal manufacturer in the industry of nonionic surface active agents and is one of the five principal manufacturers of anionic and cationic surface active agents. Nonionic, anionic and cationic surface active agents are essential components of household and industrial detergents, and are also used in the processing of textile, paper, leather and chemicals and in the production and refining of petroleum and mineral products.

In 1956, sales to the textile industry accounted for approximately 60% of the business of the Dyestuff and Chemical Division. In order of importance, the remaining 40% of sales is accounted for by sales to chemical formulators and to the paper, leather, electronics, paint, plastics, rubber and petroleum industries.

The manufacture of acetylene chemicals by the Division represents the first commercial scale production in this country of high pressure acetylene chemicals. Acetylene derived chemicals are used in the plastics, synthetic fibres, cosmetics, pharmaceuticals, solvents, adhesives and other chemical fields. Manufacturing operations at the new acetylene chemicals plant have been temporarily stopped because of start-up difficulties. It is believed that such difficulties will be eliminated in due course.

The Division is engaged in a program of improving its raw material position. Among the principal raw materials by dollar volume which were formerly purchased but are now produced by the Division are dyestuff and chemical intermediates, alkylphenols, chlorine, caustic soda, caustic potash, sodium hypochlorite, muriatic acid and hydrogen.

Prior to the exchange of shares for all of the outstanding capital stock of General Dyestuff Corporation in 1953, the Division sold its products through General Dyestuff Corporation under an exclusive sales agreement. Since the exchange of shares and subsequent merger of General Dyestuff Corporation, the Division has maintained its own sales organization. The Division operates branch sales offices and warehouses in nine principal cities of the United States. In 1955 and 1956, no single customer purchased more than 2% of the total sales of the Division.

Ansco Division

This Division is engaged in the manufacture and sale of photographic products including films, papers, processing chemicals, cameras and accessories. Its principal products are the following:

Black-and-white films, including roll film, 35mm film, sheet film for portraiture, industrial, newspaper and commercial photography, graphic arts film, film packs, X-ray film for industrial, medical and dental use, aerial film and special films for military and industrial photography.

Color film products, including Anscochrome roll film and 35mm slide film, 16mm and 35mm motion picture film, Anscochrome professional sheet film, color duplicating films of various types, and Printon film for making prints from color transparencies.

Photographic papers for black-and-white contact and enlargement prints used by professional photographers and photofinishers. Also paper for the reproduction of color photographs.

Photographic processing chemicals for both black-and-white and color photographic films and papers.

Cameras in the low-price range manufactured by Ansco and higher priced cameras for amateur photography manufactured abroad according to Ansco specifications.

Sundry products, including flash exposing equipment, camera carrying cases, home development tanks and complete developing and printing outfits for the amateur.

Essential raw materials—film base, paper raw stock, gelatine, silver nitrate, cellulose esters and solvents for film manufacture—are purchased from outsiders. The Company purchases approximately 72% of its paper raw stock from a single source which source the Company believes to be stable.

Ansco is the second largest manufacturer of photographic film and paper products in the United States. Sales of still cameras and camera accessories for amateur and professional use rank third in the United States. The Division has produced precision optical, mechanical and electronic devices for the armed forces and is now engaged in similar development work of a classified nature under United States Government contracts.

Ansco pioneered in the United States a type of color film which any photographer can process himself. In 1955, Ansco introduced the new high-speed Anscochrome color film.

Sales of film and cameras are widely distributed and no single customer purchased more than 2% of total sales in 1955 and 1956, except the Federal Government which purchased 23% of total sales of film and cameras in 1955 and 24% in 1956. The products are distributed by the Division's own sales organization through wholesalers and retail outlets in a wide variety of markets. The Division operates district sales offices in eleven cities and seven branch warehouses in the United States.

Ozalid Division

This Division manufactures and sells diazo sensitized materials and white print reproduction machines for obtaining dry developed prints widely used in the fields of engineering and office operations. The sensitized materials are produced on a variety of paper, cloth and foil bases. The machines are manufactured in a number of models ranging from small desk-type units to large high-speed equipment designed for volume production. The servicing of these machines, and sales of replacement parts, are an additional source of revenue.

Ozalid sensitized materials and machines are used throughout industry. Processing does not require darkroom conditions. The resulting print is an exact copy of the original. Reproduction of engineering drawings, and the copying of all kinds of records, reports, and office forms represent important markets for Ozalid products. Newly developed diazo sensitized paper and aluminum base plates for offset duplicating have opened up a potentially large lithographic market and a new line of products is being promoted in the rapidly expanding field of visual education. The Division has developed a new compact inexpensive printer-developer which went into production in October, 1956. Additional models are scheduled for introduction in 1957.

Ozalid products account for about 30% of total sales in the diazo reproduction market, including both moist and dry processes, and an estimated 50% of sales in the dry development market in which the Ozalid Division is the industry leader. The balance of the dry market is shared by some 30 competitors. This Division is the largest producer of white print machines for diazo reproduction purposes.

The Ozalid Division has its own sales force, with sales branches in 15 major cities in the United States, and also markets its products through a nation-wide organization of distributors and agents in areas not serviced by sales branches.

RECENT DEVELOPMENTS

The Company in recent years has made large expenditures for facilities for the production of new products and the integration and expansion of facilities for production of existing products. During the ten years ended December 31, 1955, gross expenditures for all purposes have totaled approximately $65,221,000, as follows:

1946	$ 6,488,000	1951	$ 5,813,000
1947	6,388,000	1952	4,437,000
1948	7,664,000	1953	4,014,000
1949	8,206,000	1954	4,473,000
1950	4,710,000	1955	13,028,000

The most important projects completed in the past five years include a high pressure acetylene chemical plant at Calvert City, Kentucky; a chlorine caustic plant and a nonylphenol plant at Linden, New Jersey, which improve the raw material position of the Company; a central distillation unit at Linden, New Jersey, which expands distillation capacity and improves costs; and a large central shipping warehouse at Linden, New Jersey, which permits consolidation of warehousing operations formerly conducted at New York City and Philadelphia.

A modern finished goods warehouse with facilities for cold storage of sensitized goods and plant additions and facilities for the preparation of dye and organic chemicals used in color film manufacture have been completed within the last year at Binghamton, New York. Also, a combination finished goods warehouse and paper-converting building was recently completed at Johnson City, New York.

Most important projects now in construction include the expansion of facilities for the manufacture of chemical intermediates, surface active agents and detergents and the construction of an ethylene oxide-ethylene glycol plant at Linden, New Jersey. The ethylene oxide will be used by the Company as a basic raw material for production of detergents, emulsifiers and wetting agents. The glycol will be for general sale. A plant, now under construction at Calvert City, Kentucky, and due to go on stream early in 1957, will also manufacture surface active agents and detergents to supply the midwest market.

An Ozalid machine manufacturing plant, which is estimated to cost $2,000,000, is now under construction at Vestal, New York, and is scheduled for completion in October, 1957. Also, an Ozalid sensitized materials plant and warehousing facilities have been authorized for construction in 1957 in the Los Angeles area at an estimated cost of $1,200,000.

Capital expenditures for 1956 are estimated at $10,000,000, and it is anticipated that capital expenditures for 1957 will be approximately $16,000,000. The expenditures for 1956 and 1957 include the estimated costs of the two Ozalid plants referred to above. The Company does not anticipate that any new financing will be required to finance such expenditures. Additional expenditures amounting to approximately $14,000,000, principally to increase existing plant and manufacturing facilities in the Dyestuff and Chemical Division and the Ansco Division, are under consideration, but have not been authorized, which might involve the borrowing of up to that amount. The nature and source of such borrowings has not yet been determined.

The decline in profit margins since 1950 and 1951 is attributable principally to reduced sales to the Federal Government as a result of the termination of the Korean War and to the prolonged depressed conditions in the textile industry.

PROPERTIES

The Company owns and operates the following plants:

Dyestuff and Chemical Division

Linden Plant

This plant is located on 123.5 acres in Linden, New Jersey. It consists of 42 major buildings and considerable outdoor and tankage equipment which, along with roadways, railroads and yard area, occupy 67 acres. Parking for automobiles occupies another 7 acres, leaving 49.5 acres of unimproved meadow land. There are 2 miles of paved roads, 1.5 miles of unpaved roads, and 3.3 miles of railroad track. The plant is served by the Central Railroad of New Jersey. The buildings are mostly of brick and steel or reinforced concrete construction.

The plant is equipped to manufacture dyes, intermediates, fine chemicals, surface active agents, carbonyl iron powder, chlorine, sodium hypochlorite, muriatic acid, caustic soda and caustic potash. The plant also has research and development facilities.

The plant generates all its own steam requirements and part of its electric power. A salt water pumping station is located on adjacent land, which is occupied under a long term lease. Fresh water is supplied by Elizabethtown Water Company.

Rensselaer Plant

This plant is located on a plot of 94.69 acres at Rensselaer, New York. It consists of 24 major buildings which occupy approximately 7 acres, the balance of the land being roadways, parking lots, railroad sidings, storage areas and approximately 50 acres of unimproved land. The buildings are mostly of brick and reinforced concrete construction.

The plant is equipped to manufacture dyes, intermediates and chemicals. The plant also has research and development facilities.

The plant generates all of its steam but purchases its requirements of electric power. Water is supplied through a filter plant pumping water from the Hudson River and the plant is served by the New York Central Railroad.

Calvert City Plant

This plant is located on a plot of 55 acres at Calvert City, Kentucky. The developed plant area comprises about 13 acres, the balance being usable open level farm land. The plant consists of 6 major buildings and 4 minor buildings. The buildings are of cinder block or of corrugated cement-asbestos board and steel construction. The plant is equipped with processing machinery for the manufacture of acetylene-based chemicals, the equipment being mainly installed in two major open refinery-type structures. Tankage includes about 500,000 gallons in 15 tanks. The steam requirements are generated in a 60,000 pound per hour boiler.

Electric power is purchased from the Tennessee Valley Authority. River water, potable water, natural gas and a number of chemical raw materials are delivered via pipe lines under long term agreements. The plant has waste water treatment and disposal facilities. It is served by the Illinois Central Railroad and has 3,000 feet of trackage on three spurs.

Ansco Division

Binghamton Plant

This plant, with the Division's administrative offices, occupies approximately 48 acres in Binghamton, New York. Some 70 buildings, mainly of brick and reinforced concrete construction, equipped for the casting of film base, the production of sensitized film and paper and the manufacture of cameras and photographic accessory items, occupy 11.37 acres. The Division recently completed construction of a finished goods warehouse equipped for cold storage of sensitized goods and facilities for preparation of dye and organic chemicals used in color film manufacture. The facilities also include deep wells for water supply, steam and power generation plants, warehouses, administration buildings, and research and development facilities with experimental manufacturing equipment. The plant is served by the Erie Railroad. Water is also supplied to the plant by the City of Binghamton.

Ozalid Division

Johnson City Plant

This plant, with the Division's administrative offices, is located in Johnson City, New York, on about four acres and consists of three main plant buildings and several smaller buildings. These structures occupy about half of the land area and include two large modern, air-conditioned buildings of steel construction, with glazed brick exterior finish. These buildings are equipped for paper coating and paper converting and include raw paper storage facilities.

The third main plant building, housing all machine manufacturing operations, is of masonry and timber construction in excellent repair, and connected by tunnels to the new and more modern structures. This building is scheduled for use as a warehouse upon completion of a modern integrated warehouse and machine manufacturing building on property recently acquired in the nearby town of Vestal, New York. The smaller buildings of cinder block construction are used to house facilities for manufacture of paper base lithographic plates and specialty products. The plant is served by the Delaware, Lackawanna and Western Railroad and receives its water supply from the Village of Johnson City.

Miscellaneous Properties Owned by the Company

The Company owns a Research Laboratory located at Easton, Pennsylvania, consisting of a five-story steel and concrete building and equipped to conduct research operations.

The Company also owns 2¾ acres of land in Union, New Jersey, on which is located a color film processing laboratory, and a branch sales office in Hollywood, California. The Company owns 173 acres of land in suburban Binghamton, New York, equipped with swimming and boating facilities for employee recreation. Negotiations for the purchase of 19.55 acres of land with approximately 6,000 feet of railroad track located adjacent to the Linden plant are nearing completion.

General Dyestuff Realty Co., Inc. owns properties located at Providence, Rhode Island; Charlotte, North Carolina; and Chattanooga, Tennessee. These properties, which are leased to the Dyestuff and Chemical Division, serve as branch sales offices, warehouses and laboratories.

Collway Colors Incorporated owns and operates a plant for the manufacture of dry colors located in Paterson, New Jersey. The plant consists of three brick buildings, one and two stories in height on an irregular plot approximately 300 by 108 feet.

Ansco of Canada Limited owns twelve acres of unimproved land in Toronto, Canada, adjacent to the Canadian branch sales office and warehouse.

Properties Leased by the Company

The Company leases approximately 12,031 square feet of office space at 230 Park Avenue, New York, in which are located the executive offices of the Company.

The Company also leases four floors containing in the aggregate approximately 98,000 square feet of space at 435 Hudson Street, New York, in which is housed the head office of the Dyestuff and Chemical Division and which includes laboratory facilities and sales and general administrative offices.

Sales offices and branch warehouses are maintained in various principal cities in the United States in leased space.

EMPLOYEE RELATIONS

As of December 31, 1956, the Company had 8,573 employees, of which 4,063 were employed on a salary basis and 4,510 were employed on an hourly basis. The total annual payroll of the Company in 1956 was $44,622,229.

Employee relations at the various locations of the Company are satisfactory. The last material work stoppage experienced by the Company occurred in January, 1956, at Linden, New Jersey. The strike, which lasted five days, ended in an agreement for a two-year contract.

There are, as of December 31, 1956, 20 unions with which the Company has labor contracts, representing 4,965 of the employees of the Company. With the exception of employees of one subsidiary, the employees of all of the Company's manufacturing operations are represented by labor unions. There is no organization of exempt salaried, professional, technical, sales or supervisory personnel.

Effective January 1, 1944, the Company adopted a Retirement Plan for which all employees, including officers of the Company, are eligible after reaching age 25 and completing two years of service. As of December 31, 1956, there were 5,956 employees covered by the Plan. The funds paid into the Plan are held in trust under an agreement with Bankers Trust Company, New York, as Trustee. The general administration of the Plan is under the direction of a Retirement Board appointed by the Board of Directors of the Company. The Plan is contributory for both employer and employee, the annual cost of which in 1956 to the Company was $977,009. As of December 31, 1956, 339 retired employees were receiving or were eligible to receive retirement allowances. Total payments to retired employees in 1956 amounted to $109,730.

In addition to the payments to the Retirement Plan, the Company, together with its employees, contributes to the support of group life insurance plans and group hospital, surgical and medical programs. In 1955, the Company adopted a contributory hospital-surgical medical catastrophe plan for its full-time management employees.

The Company has an Executive Incentive Compensation Plan which became effective in 1955. This Plan provides for incentive compensation awards to full-time management employees as well as special awards for all employees. Incentive compensation awards totaling $151,428 were made to 123 employees and special awards of $10,250 were made to six employees after the first year of operation of the Plan.

MANAGEMENT

The directors and executive officers of the Company are as follows:

Name	Positions and Offices
John H. Hilldring	President, Member of the Executive Committee and Director
Francis A. Gibbons	Executive Vice President, Member of the Finance Committee and Retirement Board and Director
Philip M. Dinkins	Vice President-General Manager—Dyestuff and Chemical Division and Director
Leopold F. Eckler	Vice President-General Manager—Ansco Division
Walter A. Hensel	Vice President-General Manager—Ozalid Division
James Forrestal	Vice President and Director
Matthew M. Gouger	Vice President and Director of Personnel Relations and Member of the Retirement Board
Chandler T. White	Vice President—Trade Relations
Sumner H. Williams	Vice President and Assistant General Manager—Dyestuff and Chemical Division
Arthur J. Young	Controller
Albert E. Hendershot	Treasurer
C. Joseph Hyland	Secretary
Norman Biltz	Director
Elmer H. Bobst	Member of the Executive Committee and Research Committee and Director
John M. Budinger	Member of the Finance Committee and Director
Lucius D. Clay	Director
Melvin C. Eaton	Member of the Finance Committee and Director
Horace C. Flanigan	Member of the Executive Committee and Finance Committee and Director
Robert Heller	Member of the Research Committee and Director
Thomas A. Morgan	Member of the Executive Committee and Retirement Board and Director
Winston Paul	Member of the Executive Committee, Finance Committee and Retirement Board and Director
Arthur E. Pettit	Member of the Executive Committee and Finance Committee and Director
G. Schuyler Tarbell, Jr.	Member of the Executive Committee, Finance Committee and Retirement Board and Director
Robert R. Williams	Member of the Research Committee and Director

Philip M. Dinkins was elected Vice President on May 25, 1955. For more than five years prior to February 1, 1955, he was President of Jefferson Chemical Company. Between February 1, and May 25, 1955, he was retired from active business.

Leopold F. Eckler was elected Vice President on March 2, 1955. For more than five years prior to March 2, 1955, he was employed by Celanese Corporation, much of the time as General Manager of the Plastics Division.

In all other cases, the executive officers named above were employed by the Company or General Dyestuff Corporation for at least five years prior to December 31, 1956.

Remuneration

The following table sets forth the aggregate remuneration paid by the Company during 1956 to (1) each director, and each of the three highest paid officers, of the Company whose aggregate direct remuneration exceeded $30,000 and (2) all directors and officers of the Company as a group and, as well, the amounts paid by the Company for the benefit of each person under the Company's Pension Plan and Group Life Insurance Plan and the annual benefits estimated to be payable to such persons under the Pension Plan at the normal retirement date:

Name	Capacities in which Remuneration Was Received	Aggregate Direct Remuneration*	Premiums Paid Under Pension Plan or Group Life Insurance Plan	Estimated Annual Benefits Under Pension Plan
John H. Hilldring	President	$ 75,300	$ 3,582	$ 5,968
Francis A. Gibbons	Executive Vice President	47,982	2,006	12,480
Philip M. Dinkins	Vice President—General Manager—Dyestuff and Chemical Division	47,330	1,056	—
Leopold F. Eckler	Vice President—General Manager—Ansco Division	36,850	214	4,925
James Forrestal	Vice President	31,420	1,814	7,331
Matthew M. Gouger	Vice President and Director of Personnel Relations	32,688	1,369	7,653
Chandler T. White	Vice President—Trade Relations	30,257	1,924	7,641
Sumner H. Williams	Vice President and Assistant General Manager—Dyestuff and Chemical Division	87,704	2,299	12,480
Total for all Executive Officers and Directors as a Group		485,730	17,954	80,740

* Including payments under Executive Incentive Compensation Plan.

The amounts shown in the last column are estimates based on continued employment at present compensation to normal retirement age.

The foregoing table includes directors' fees. It does not include remuneration in the amount of $35,825 for legal services paid to Winthrop, Stimson, Putnam & Roberts, of which firm Arthur E. Pettit is a member.

Employment Contracts

The President has a contract with the Company which provides for his employment as President and chief executive officer until April 9, 1957 at an annual salary of $70,000 and as a consultant on management problems until April 9, 1964 at an annual rate of $15,000 for the first six years and $10,000 for the seventh year, such payments to continue in the event of his death or disability prior to April 9, 1964.

Four Vice Presidents have employment contracts expiring in 1958 at rates ranging from $23,500 to $45,000 per annum and two Vice Presidents have employment contracts expiring in

1959 at annual rates of $30,000 and $35,000. One of these contracts provides for employment as consultant for an additional four years at an annual rate of $10,000 in the event the contract is not renewed.

PRINCIPAL HOLDERS OF EQUITY SECURITIES

At October 31, 1956

Name and Address	Title of Class	Type of Ownership	Amount Owned	Percent of Class
The Attorney General of the United States Washington, D. C.	Common A Shares	Of Record and Beneficially	540,894 shares	91.25%*
The Attorney General of the United States Washington, D. C.	Common B Shares	Of Record and Beneficially	2,050,000 shares	100%*

* The Attorney General has advised the Company that a maximum of 70,344 Common A Shares and 316,500 Common B Shares may be subject to claims of stockholders of I. G. Chemie who are now parties to a suit for the return of such shares under Section 9(a) of the Trading with the Enemy Act, Civil Action No. 4360-48, pending in the United States District Court for the District of Columbia. Such stockholders may also contend that their aforesaid suit subjects additional shares to their claim. In the opinion of the Attorney General, however, this is not so and the pending claims do not extend to more than the number of shares referred to above as the maximum subject to claim. In the opinion of the Attorney General, he has the right to sell all or any part of the remaining shares.

STATUS OF THE COMPANY UNDER THE TRADING WITH THE ENEMY ACT

By virtue of the issuance of Vesting Orders Nos. 5, 248, 907, 10833, 15838, 17007, 17676 and 18112, and other actions taken pursuant to the Trading with the Enemy Act, and Executive Orders 9095, as amended, and 9788, the Attorney General owns 540,894 of the outstanding Common A Shares and 2,050,000 (all) of the outstanding Common B Shares. The Company has been conducting its business pursuant to the authorizations issued from time to time by the Alien Property Custodian or the Attorney General as his successor, permitting the management to continue the normal conduct of the business, subject, however, to the restrictions therein stated. The latest such authorization, dated January 5, 1943, is still in force and requires specific authorization for any transaction not in the normal course of the Company's business, including certain transactions specifically set forth therein.

The foregoing summaries of Vesting Orders and the authorization of the Alien Property Custodian, his successor, the Attorney General, and the Office of Alien Property, Department of Justice, do not purport to be complete and are subject to the full provisions thereof. The Vesting Orders and currently effective authorization, to which reference is made for a complete statement of the terms and conditions thereof, are filed as exhibits to the Registration Statement and the foregoing summaries are qualified in their entirety by such reference.

The Company has received from the Director, Office of Alien Property, Department of Justice, a letter dated January 14, 1957, as follows:

January 14, 1957

General Aniline & Film Corporation
230 Park Avenue
New York 17, N. Y.

Gentlemen:

The Attorney General holds approximately 91% of the outstanding Common A and 100% of the outstanding Common B stock of General Aniline & Film Corporation. He intends in the near future to invite public bids for certain of said shares. Question has been raised as to the extent of regulatory controls under the Trading with the Enemy Act, as amended, to which the Corporation may be subject after sale of the aforesaid shares.

Since 1946 General Aniline & Film Corporation has been designated a key corporation pursuant to Section 505.10 of the Regulations of the Office of Alien Property, Department of Justice (8 CFR 505.10). Any shares which are sold by the Attorney General will be sold to and may be transferred only to American nationals as defined in said Regulation. To implement Section 505.10, the undersigned, on behalf of the Attorney General, proposes to issue a special order designed to insure that notwithstanding the issuance of any additional stock (whether presently authorized, held in treasury or newly created) the voting stock of the Corporation owned by American nationals in the future will bear the same ratio to total stock outstanding after such stock issuance as the total of vested stock sold by the Attorney General bears to total stock of the Corporation outstanding at the time said proposed special order is issued. For the purpose of carrying out the intent of Section 505.10 and the proposed special order, it is anticipated that the proposed order will require the Corporation to amend its Certificate of Incorporation so as to restrict to American nationals ownership and transfer of its shares to the extent necessary to comply with the requirements of Section 505.10 and the proposed special order. In addition, Section 505.10 provides that upon request of the Director, Office of Alien Property, the Corporation shall furnish a list of the names and addresses of the holders of record of its outstanding stock which has been restricted as aforesaid; and that each holder of record of such stock shall furnish the name and address of the beneficial owner or owners of such stock.

It should be noted that an enterprise which is a national of a foreign country within the meaning of Executive Orders 8389, as amended, and 9095, as amended, is subject to the exercise of certain controls under the Trading with the Enemy Act. The term "national" as used in such Orders, includes an enterprise in which a substantial foreign interest existed on or since a date specified in Executive Order 8389, as amended, (which, in the case of General Aniline & Film Corporation, is June 14, 1941). In view of such definition, an enterprise which is a national of a foreign country may remain subject to the exercise of controls, notwithstanding the vesting and sale of such foreign interest. However, it is the present intention of the Attorney General, upon the sale of all or most of the aforesaid shares which the Attorney General proposes to offer, to grant the Corporation the authority to engage in all transactions in which an enterprise not a national of a foreign country may engage. Upon the taking of such action, authorization from the Attorney General will no longer be necessary with respect to the conduct of the business of the Corporation (including certain transactions which are presently prohibited without specific authorization) except to the extent that authorization might be required in the case of an enterprise not a national of a foreign country.

You may, if you desire, use this letter in any registration statement or prospectus in connection with the sale of stock in the Corporation held by the Attorney General.

Sincerely yours,

For the Attorney General

DALLAS S. TOWNSEND

Dallas S. Townsend
Assistant Attorney General
Director, Office of Alien Property

DESCRIPTION OF CAPITAL STOCK

The following statements are summaries of certain provisions of the Certificate of Incorporation of the Company, as amended, a copy of which has been filed as an exhibit to the Registration Statement, and such statements are qualified in their entirety by reference thereto. The outstanding Common A Shares and Common B Shares are not liable to further calls or to assessment by the Company.

The Certificate of Incorporation provides in effect that each holder of Common A Shares and each holder of Common B Shares shall be entitled to one vote for each share of which he is the record owner; that no change affecting Common A Shares shall be made against the adverse vote of 25% of the outstanding Common A Shares; that for each $1, or fraction thereof, of dividends, declared and paid on each Common A Share, dividends of 10¢, or fraction thereof, shall be declared and paid on each Common B Share, and no dividend shall be declared and paid on either the Common A Shares or Common B Shares, unless at the same time dividends are declared and paid on both the Common A Shares and Common B Shares; and that, in case of liquidation or dissolution, the Common A Shares shall first receive not in excess of $75 per share and the remainder of the assets available for distribution shall be distributed in equal parts, per share, to the holders of the outstanding Common A Shares and Common B Shares. The aggregate of the preference on liquidation or dissolution in respect of the 592,742.1 Common A Shares outstanding at October 31, 1956 ($44,455,655), was $29,637,103 in excess of the aggregate stated value of such stock. (See Note 6 to the Financial Statements herein.)

The Certificate of Incorporation further provides that Common A Shares not reserved for conversion (the conversion privilege having expired December 31, 1938) may be issued from time to time upon such terms and conditions and for such legal consideration as the Board of Directors may, from time to time, determine, and neither the holders of Common A Shares nor the holders of Common B Shares shall have any preemptive rights to subscribe for such remaining Common A Shares.

The Certificate of Incorporation further provides that Common A Shares may be redeemable in whole, or from time to time, in part, at the market price for such Common A Shares as shown by the average quotations for such shares on any recognized stock exchange during the 30 days next preceding such call for redemption but in no event at less than $110 per share, either at the option of the Company or by operation of a sinking fund, and may be exchangeable for or convertible into stock of any other class or classes on such terms, as may be fixed by the Board of Directors not inconsistent with the provisions of the Certificate of Incorporation. (The Common A Shares are not now listed on any recognized stock exchange and the management has no present plan to effect any such listing.)

The Certificate of Incorporation further provides that neither the increase of the number of Common A Shares, nor the increase of the number of Common B Shares, authorized thereby to be issued (namely 3,000,000 shares of each) shall be authorized thereafter without a corresponding authorization of increase of the other; and that, in the event of the increase of the authorized number of Common B Shares, each holder of Common B Shares shall have the option to acquire the same number of additional shares in the ratio which the percentage of his shareholdings of the total issued and outstanding Common B Shares bears to the number of additional shares authorized to be issued, at $1 per share; provided that at no time shall there be issued Common B Shares (in addition to the original 3,000,000 shares) in excess of the number of Common A Shares outstanding at the time of such proposed new issue, the Company being empowered after 3,000,000 Common A Shares and 3,000,000 Common B Shares have been issued, to issue additional Common B Shares, if however, at the same time the same number of Common A Shares are issued.

In 1946, the Company was designated a "key corporation" pursuant to the Regulations of the Office of Alien Property under which stock in "key corporations" acquired and sold by the Attorney General must be restricted as to ownership and transferability to "American nationals" as defined in such Regulations. To implement such Regulations, the Attorney General proposes to issue a Special Order which will prohibit the following transactions except as specifically authorized by the Director, Office of Alien Property:

(a) the issuance of any "vested stock" (as defined in the Regulations) or the transfer of any such stock, or any interest therein, to any person or organization not an American national, except under the limited conditions provided in the Regulations;

(b) the issuance of any stock of the Company not presently outstanding (whether presently authorized, held in treasury or newly created stock) unless the same conditions, prohibitions and restrictions as are imposed on vested stock are imposed on a sufficient number of shares of the stock to be issued to insure that the then existing proportion of voting power represented by the total restricted stock (as defined in such Special Order) in relation to the total outstanding stock of the Company will not be reduced;

(c) any merger, consolidation, reorganization, or any other corporate action which eliminates in whole or in part any restricted stock of the Company; and

(d) the sale, exchange, lease, mortgage or other disposition of all or substantially all of the property or assets of the Company or any operating division thereof, including property or assets hereafter acquired, to any person who is not an American national and who does not expressly agree in writing that any future sale, exchange, lease, mortgage or other disposition by such person of said property or assets shall be subject to the same conditions and restrictions as are imposed upon the Company under this sub-paragraph (d).

The Special Order will also require the Company to amend its Certificate of Incorporation to include therein, in such form as shall be approved by the Director, Office of Alien Property, a prohibition or restriction against each of the transactions referred to above and will provide that, except as specifically authorized by the Director, Office of Alien Property, the Company shall not at any time amend its Certificate of Incorporation so as to delete therefrom any prohibition or restriction imposed by or pursuant to such order. It is contemplated that a special meeting of stockholders will be held for the purpose of effecting such amendment prior to the date of delivery of the shares offered hereby. A draft of the proposed Certificate of Amendment of the Certificate of Incorporation is filed as an exhibit to the Registration Statement, to which reference is hereby made.

As used herein, the term "vested stock" means, in effect, shares of stock in the Company vested by the Alien Property Custodian or the Attorney General and sold by the Attorney General, and also includes all shares of stock of the Company received by the Attorney General in payment for vested shares of General Dyestuff Corporation and any shares issued and exchanged for vested stock or issued by way of stock dividend thereon or split-up thereof or shares acquired pursuant to any rights or warrants accruing to the holders of vested stock notwithstanding any recapitalization, consolidation, merger or reclassification.

As used herein, the term "restricted stock" means, in effect, vested stock and any other stock of the Company which is required to be restricted pursuant to the provisions of sub-paragraph (b) above.

As used herein, the term "American nationals" means, in effect, United States citizens and business enterprises organized under the laws of the United States or a state or territory thereof and controlled at least to the extent of 75% by United States citizens.

A copy of the form of certification to accompany requests for the issuance or transfer of restricted stock is filed as an exhibit to the Registration Statement, to which reference is hereby made.

At October 31, 1956, earned surplus in the amount of $64,044,758 was restricted as to payment of cash dividends under the loan agreements referred to in Note 7 to the Financial Statements herein, to which reference is hereby made.

On September 19, 1956, the Board of Directors of the Company approved a proposed retirement of treasury shares and a proposed amendment to the Certificate of Incorporation and called a special meeting of stockholders to take action thereon. The proposed amendment to the Certificate of Incorporation would have authorized 3,190,969 shares of new Class A Common Stock and 5,000,000 shares of new Class B Common Stock with a par value of $10 each and would have reclassified each of the 592,742.1 outstanding Common A Shares into 4 shares of new Class A Common Stock and each of the 2,050,000 Common B Shares into 4/10ths of a share of new Class A Common Stock. The new Class A Common Stock, which would have been freely transferable, would have been convertible on a share for share basis into new Class B Common Stock, which would have been restricted as to ownership and transferability to American nationals. Except for these differences, both classes of new Common Stock would have been identical. The Attorney General has been enjoined by the United States District Court for the District of Columbia from voting shares vested from I. G. Chemie in favor of the proposed amendment and the special meeting of stockholders has been adjourned to April 17, 1957 without a vote having been taken on such proposals. Consequently, no action has yet been taken which changes the rights of the shares offered hereby. If any such action is taken prior to the consummation of the proposed public offering, appropriate steps will be taken to amend the Registration Statement and, if the shares are reclassified, to register the shares resulting from such reclassification. If no such action is taken prior to the consummation of the proposed public offering, any future changes in the rights of the shares offered hereby which are subject to stockholder action will be subject to the vote of the persons who are the holders of such shares at the time such action is taken.

TERMS OF OFFERING

The Company is not selling any stock and will receive no part of the net proceeds from the sale of the shares being offered by the Attorney General of the United States.

The Attorney General proposes to sell as an entirety the shares offered hereby under sealed bids at public sale to the highest qualified bidder. The general plan of sale and the Terms and Conditions of the offering are described in an Announcement With Respect to 426,988 Common A Shares and 1,537,500 Common B Shares of General Aniline & Film Corporation, and in a Statement of Terms and Conditions, issued by the Attorney General. The Announcement, and the Statement of Terms and Conditions, together with the Questionnaire for Prospective Bidders, and the Form of Bid (including the forms of Purchase Agreement and Agreement with the Company) on which bids must be submitted, are filed as exhibits to the Registration Statement and should be examined by prospective bidders. Copies of each of the above-mentioned documents may be obtained in reasonable quantities from the Office of Alien Property, Department of Justice, 101 Indiana Avenue, N.W., Washington 25, D. C.

LITIGATION

As to the Company

There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is the subject.

Other Matters

In October, 1948, a Swiss holding company (herein called "I. G. Chemie") filed suit in the United States District Court for the District of Columbia (Civil Action No. 4360-48) under Section 9(a) of the Trading with the Enemy Act, as amended, for return of 455,624 Common A Shares and all of the Common B Shares of the Company vested in the Attorney General. On December 21, 1953, the District Court ordered I. G. Chemie's complaint dismissed with prejudice for failure to comply with an order of the Court of July 5, 1949 requiring I. G. Chemie to produce certain documents and books of account. The Court of Appeals for the District of Columbia affirmed the dismissal on June 30, 1955, but provided that if within six months after the receipt by the District Court of the mandate of the Court of Appeals discovery should be made as required by the District Court, then the order dismissing the complaint should be vacated by the District Court. I. G. Chemie's petition for rehearing *in banc* was denied by the Court of Appeals on September 1, 1955. The Supreme Court of the United States denied I. G. Chemie's petition for certiorari on January 9, 1956, and denied a petition for rehearing on February 27, 1956. The mandate of the Court of Appeals was received by the District Court on January 24, 1956. In July, 1956, the District Court denied I. G. Chemie's motion for an extension of time, and the Court of Appeals thereafter refused to extend the six-months' period or to modify its mandate. On August 3, 1956, the District Court, finding that the required production had not been made within the prescribed period, entered an order upon the mandate of the Court of Appeals adjudging and decreeing that I. G. Chemie's complaint stands dismissed with prejudice. Motions to vacate the dismissal and the order on the mandate were filed by I. G. Chemie and were denied by the District Court by orders signed on August 21, 1956. I. G. Chemie has filed appeals in the Court of Appeals from the District Court order of August 3, 1956 on the mandate and from the order of August 21, 1956 denying the motion to vacate the order on the mandate, as well as from the July, 1956 orders of the District Court denying an extension of the six-months' period. These appeals are pending in the Court of Appeals (Nos. 13460 and 13527). The Company has been advised that in the opinion of the Attorney General the action brought by I. G.

Chemie under Section 9(a) of the Trading with the Enemy Act, as amended, was terminated by the entry of the District Court's order of August 3, 1956 on the mandate, and no action under Section 9(a) on the part of I. G. Chemie is presently pending. As to actions by certain stockholders of I. G. Chemie who intervened in the aforesaid Civil Action No. 4360-48, and which are pending in the District Court, reference is made to the note appearing herein under the caption "Principal Holders of Equity Securities".

COUNSEL

Legal matters in connection with the securities offered hereby will be passed upon for the prospective bidders by Messrs. Simpson Thacher & Bartlett, 120 Broadway, New York 5, New York and for the Company by Messrs. Winthrop, Stimson, Putnam & Roberts, 40 Wall Street, New York 5, New York.

EXPERTS

The financial statements and schedules included herein and in the Registration Statement for the three years and eight months ended August 31, 1956, the information for the ten years and eight months ended August 31, 1956 set forth under the caption "Summary of Earnings" and the information set forth under the caption "Historical Financial Information" have been included herein and in the Registration Statement in reliance upon the certificate and letters of opinion of Arthur Andersen & Co., independent public accountants, and upon the authority of said firm as experts in making such certificate and letters of opinion.

CERTIFICATE OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors,
General Aniline & Film Corporation:

We have examined the consolidated balance sheet of General Aniline & Film Corporation (a Delaware corporation) and subsidiary companies as of August 31, 1956, and the related statements of consolidated profit and loss and earned surplus for the three years and eight months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated profit and loss and earned surplus present fairly the financial position of the Company and its subsidiaries as of August 31, 1956, and the results of their operations for the three years and eight months then ended, and were prepared in conformity with generally accepted accounting principles consistently applied during the period.

We have also examined the summary of earnings of the Company and subsidiary companies included under the caption "Summary of Earnings" for the ten years and eight months ended August 31, 1956. In our opinion, the "Summary of Earnings" presents fairly the results of operations of the companies for the ten years and eight months ended August 31, 1956.

Arthur Andersen & Co.

New York, N. Y.,
October 17, 1956.

GENERAL ANILINE & FILM CORPORATION
AND SUBSIDIARY COMPANIES

Consolidated Balance Sheets—August 31, 1956 and October 31, 1956

ASSETS	August 31, 1956	October 31, 1956 (Unaudited)
Current Assets:		
Cash	$ 9,017,843	$ 9,346,159
U. S. Government and other securities, at the lower of cost or market (quoted market value, $20,450,790 at August 31, and $20,148,488 at October 31)	20,450,790	20,127,951
Receivables—		
Trade	14,013,063	15,625,076
Other	903,504	930,631
Less—Reserve for doubtful accounts	(197,412)	(223,374)
Inventories, at the lower of average cost or market (Note 3)—		
Raw materials and supplies	12,235,798	11,476,437
Work in process	19,954,434	19,981,060
Finished goods	18,166,179	17,273,274
Total current assets	$ 94,543,999	$ 94,737,214
Prepaid Expenses and Deferred Charges:		
Prepaid insurance, taxes, etc.	$ 1,753,355	$ 1,357,660
Deferred tooling cost	1,044,708	1,007,750
Leasehold improvements (Note 4)	104,109	106,283
	$ 2,902,172	$ 2,471,693
Investments:		
Marketable securities deposited under Workmen's Compensation Law, at lower of cost or market	$ 449,322	$ 446,318
Investment in common stock of I. G. Chemie	30,945	30,945
Other	83,052	83,052
	$ 563,319	$ 560,315
Property, Plant and Equipment, at cost (Note 4):		
Land and land improvements	$ 2,028,806	$ 2,147,728
Buildings and building equipment	31,938,920	32,444,084
Machinery and equipment	62,875,165	63,466,348
Construction in progress	5,723,916	5,804,421
	$102,566,807	$103,862,581
Less—Reserves for depreciation	40,406,151	41,124,969
	$ 62,160,656	$ 62,737,612
Patents, Trade-Marks and Formulas, at nominal value	$ 1	$ 1
	$160,170,147	$160,506,835

The accompanying notes to financial statements are an integral part of these balance sheets.

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GENERAL ANILINE & FILM CORPORATION
AND SUBSIDIARY COMPANIES

Consolidated Balance Sheets—August 31, 1956 and October 31, 1956

LIABILITIES	August 31, 1956	October 31, 1956 (Unaudited)
Current Liabilities:		
Current maturities of long-term debt	$ 1,500,000	$ 1,500,000
Accounts payable—		
Trade	4,553,048	3,934,489
Other	1,100,137	735,491
Accrued expenses—		
Pay roll	1,872,556	2,320,213
Interest	456,937	294,896
Taxes, other than Federal taxes on income	641,548	631,571
Other	529,200	837,683
Taxes withheld at source	746,802	586,634
Reserves for workmen's compensation self-insurance, etc.	642,357	700,854
Reserve for Federal taxes on income (Note 5)	5,458,490	5,591,760
Total current liabilities	$ 17,501,075	$ 17,133,591
Long-Term Debt (Current maturities shown above):		
2.95% note payable, due June 1, 1967 (annual prepayments of $1,000,000 from 1958 to 1966, inclusive)	$ 13,500,000	$ 13,500,000
3¼% notes payable, due March 1, 1972 (annual prepayments of $500,000 from 1958 to 1960, inclusive, $1,000,000 from 1961 to 1964, inclusive, and $1,250,000 from 1965 to 1971, inclusive)	19,500,000	19,500,000
	$ 33,000,000	$ 33,000,000
Total liabilities	$ 50,501,075	$ 50,133,591
Capital Stock and Surplus:		
Capital stock (Note 6)—		
Common A Shares of no par value, stated at $25 per share, authorized 3,000,000 shares, issued 594,786 shares (preference on liquidation $75 per share or $44,455,655 on 592,742.1 shares outstanding)	$ 14,869,650	$ 14,869,650
Common B Shares at $1 par value, authorized and issued 3,000,000 shares	3,000,000	3,000,000
Capital surplus (no change during period)	12,902,432	12,902,432
Earned surplus ($63,903,924 at August 31, and $64,044,758 at October 31 was restricted as to payment of dividends under loan agreement) (Note 7)	79,963,342	80,667,514
	$110,735,424	$111,439,596
Deduct—Stock held in treasury—		
Common A Shares 2,043.9 shares, at cost	$ 116,352	$ 116,352
Common B Shares 950,000 shares, at par value of $1 per share (cost $1,900,000)	950,000	950,000
	$ 1,066,352	$ 1,066,352
Total capital stock and surplus	$109,669,072	$110,373,244
Contingent Liabilities and Commitments (Note 8)		
	$160,170,147	$160,506,835

The accompanying notes to financial statements are an integral part of these balance sheets.

GENERAL ANILINE & FILM CORPORATION AND SUBSIDIARY COMPANIES

Statements of Consolidated Profit and Loss

For the Three Years and Eight Months Ended August 31, 1956
and the Two Months Ended October 31, 1956

	Year Ended December 31			Eight Months Ended August 31, 1956 (Note 13)	Two Months Ended October 31, 1956 (Unaudited) (Note 13)
	1953 (Note 9)	1954	1955		
Net sales	$109,600,217	$104,964,134	$121,247,877	$85,264,939	$23,299,272
Cost of goods sold (Note 3)	75,343,968	70,974,777	81,430,486	57,328,147	16,480,226
Gross profit	$ 34,256,249	$ 33,989,357	$ 39,817,391	$27,936,792	$ 6,819,046
Operating expenses:					
Distribution and selling expenses	$ 18,236,245	$ 18,706,861	$ 20,166,294	$14,279,253	$ 3,651,000
Research and development expenses	5,189,077	5,751,855	5,796,803	3,492,118	759,817
Administrative and general expenses	3,171,650	3,323,185	3,467,715	2,490,768	609,536
Provision for doubtful accounts	136,376	128,205	100,963	51,144	31,105
	$ 26,733,348	$ 27,910,106	$ 29,531,775	$20,313,283	$ 5,051,458
Operating profit	$ 7,522,901	$ 6,079,251	$ 10,285,616	$ 7,623,509	$ 1,767,588
Other deductions (income):					
Interest on borrowed capital	$ 1,233,813	$ 1,207,250	$ 1,157,250	$ 764,125	$ 187,958
Sales discounts	1,017,635	951,900	1,025,891	721,582	170,046
Income from securities (net)	(559,255)	(560,688)	(295,297)	(327,203)	(81,681)
Income from royalties	(322,623)	(306,213)	(461,227)	(501,624)	(98,253)
Purchase discounts	(260,585)	(241,992)	(285,521)	(199,602)	(45,683)
Miscellaneous (net)	(65,809)	(190,007)	(86,443)	(168,044)	29
	$ 1,043,176	$ 860,250	$ 1,054,653	$ 289,234	$ 132,416
Profit before Federal and state taxes on income	$ 6,479,725	$ 5,219,001	$ 9,230,963	$ 7,334,275	$ 1,635,172
Provision for taxes on income:					
Federal normal and surtax	$ 3,380,000	$ 2,510,000	$ 4,718,000	$ 3,808,000	$ 853,000
State	250,000	190,000	296,000	253,000	78,000
	$ 3,630,000	$ 2,700,000	$ 5,014,000	$ 4,061,000	$ 931,000
Net profit	$ 2,849,725	$ 2,519,001	$ 4,216,963	$ 3,273,275	$ 704,172

The accompanying notes to financial statements are an integral part of these statements.

GENERAL ANILINE & FILM CORPORATION AND SUBSIDIARY COMPANIES

Statements of Consolidated Earned Surplus

For the Three Years and Eight Months Ended August 31, 1956

and the Two Months Ended October 31, 1956

		Year Ended December 31			Eight Months Ended August 31, 1956	Two Months Ended October 31, 1956 (Unaudited)
		1953	1954	1955		
Balance at Beginning of Period (Note 9)		$61,088,580	$70,153,539	$72,473,104	$76,690,067	$79,963,342
Add:						
Earned surplus of General Dyestuff Corporation and subsidiary (Note 2)—						
Earned surplus as of October 31, 1953 (date of acquisition), less $759,325 transferred to capital stock	$7,164,904					
Deduct — Net profit of General Dyestuff Corporation for the ten months ended October 31, 1953 (included in consolidated net profit for 1953)	359,379					
	$6,805,525					
Earned surplus of General Dyestuff Realty Co., Inc., a subsidiary, as of December 31, 1952	158,638	6,964,163	—	—	—	—
Net profit for the period (Note 9)		2,849,725	2,519,001	4,216,963	3,273,275	704,172
		$70,902,468	$72,672,540	$76,690,067	$79,963,342	$80,667,514
Deduct:						
Dividends—						
Common A Shares—$1.00 per share in 1953 and $0.25 in 1954..........		$ 543,929	$ 148,186	$ —	$ —	$ —
Common B Shares—$0.10 per share in 1953 and $0.025 in 1954		205,000	51,250	—	—	—
		$ 748,929	$ 199,436	$ —	$ —	$ —
Balance at End of Period (Note 7)		$70,153,539	$72,473,104	$76,690,067	$79,963,342	$80,667,514

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

(1) Principles of consolidation:

All subsidiaries are included in the consolidated financial statements and all are wholly owned. All intercompany balances and items of income and expense have been eliminated. The accounts of the Company's Canadian subsidiary have been translated into U. S. dollars at par. The assets and results of operations of such subsidiary are not material in relation to total consolidated assets and net profits.

The Company's equity in the net assets of subsidiaries consolidated, as of August 31, 1956, and October 31, 1956, as shown by the books of the latter, was $2,057,875 and $2,112,400, respectively, in excess of the investments in such subsidiaries. In consolidation these amounts have been added to earned surplus.

(2) Exchange of stock and subsequent merger with General Dyestuff Corporation:

As of October 31, 1953, the Company exchanged 65,085 of its Common A Shares for all of the capital stock of General Dyestuff Corporation which, since 1927, had been the exclusive selling agent for dyestuffs manufactured by the Company and its predecessor. The investment was recorded on the basis of the net assets shown by the books of General Dyestuff Corporation as of October 31, 1953.

The earned surplus of General Dyestuff Corporation at the date of exchange of capital stock amounted to $7,924,229. In consolidation, this amount, less the excess ($759,325) of the stated value of the Company's shares issued in the exchange over the par value of the outstanding shares of General Dyestuff Corporation acquired, has been added to consolidated earned surplus. General Dyestuff Corporation was merged into the Company as of June 30, 1954.

In the accompanying financial statements, the results of operations of General Dyestuff Corporation have been included in the statement of consolidated profit and loss for the entire year 1953.

(3) Inventories:

Inventories are priced at the lower of cost or market. Cost represents, in general, average actual cost and market represents replacement cost or net realizable value.

The following inventory amounts, based on physical inventories taken during the latter part of the periods to August 31, 1956, were used in computing cost of sales:

December 31, 1952	$51,532,351
December 31, 1953	48,215,989
December 31, 1954	47,373,929
December 31, 1955	48,748,702
August 31, 1956	50,356,411
October 31, 1956	48,730,771

(4) Depreciation and amortization policy:

It is the policy of the companies to provide for depreciation and amortization of fixed assets generally at straight-line rates based on the estimated service lives of the property. The ranges of depreciation rates, generally, were as follows:

Land improvements	4% - 10%
Buildings and building equipment	2% - 7%
Machinery and equipment	3% - 10%

Maintenance and repairs, and minor renewals and betterments are charged directly to profit and loss. New additions and the more important renewals and betterments are capitalized.

Upon the sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts; the resulting profit or loss is reflected in the statement of profit and loss.

Leasehold improvements are being amortized on a straight line basis over the terms of the respective leases.

(5) Reserve for Federal taxes on income:

Federal income tax returns of the Company are open for the years 1941 through 1955, with the years 1941 through 1949 presently under examination by the Internal Revenue Service. In the opinion of the Company's management, the excess, if any, of the deficiencies which may be assessed for the years under examination and the remaining open years, over the amounts provided therefor in the accounts, will not be material in relation to total assets or results of operations of the companies.

(6) Capital stock:

The Certificate of Incorporation of the Company, as amended, provides that in the case of liquidation or dissolution of the Company, holders of Common A Shares shall first receive not in excess of $75 per share of the assets available for distribution and thereafter shall participate in any remaining assets, share for share, with holders of the Common B Shares. The aggregate of the preference on liquidation or dissolution in respect of the 592,742.1 Common A Shares outstanding at August 31, 1956, and at October 31, 1956, was $29,637,103 in excess of the aggregate stated value of such stock. In the opinion of counsel for the Company, there are no restrictions upon surplus growing out of the fact that the amount to which the holders of the Common A Shares are entitled in liquidation exceeds the stated value thereof.

The Certificate of Incorporation, as amended, also provides that "for each one dollar ($1.00) or fraction thereof, of dividends, declared and paid on each share of Common A Stock, dividends of ten (10) cents, or fraction thereof, shall be declared and paid on each share of Common B Stock, and no dividend shall be declared and paid on either Common A or Common B Stock, unless at the same time dividends as herein provided are declared and paid on both Common A and Common B Stock."

At August 31, 1956, and at October 31, 1956, title to 540,894 of the 592,742.1 Common A Shares then outstanding and all of the Common B Shares then outstanding was vested in the Attorney General of the United States.

(7) Dividend restriction:

The loan agreement with respect to the 3¼% notes payable provides, among other things, for certain restrictions on the payment of dividends (other than dividends payable in capital stock of the Company). In general, the restrictions limit the payment of dividends after December 31, 1950, to $1,000,000 plus 80% of consolidated net income earned subsequent to that date, less the excess of amounts paid for redemption or retirement of capital stock of the Company subsequent to December 31, 1950, over the net cash proceeds of sales of capital stock since that date. Also, to permit payment of dividends, and after giving effect thereto, consolidated working capital may be not less than $50,000,000, and may be not less than 133% of consolidated funded indebtedness, and consolidated net tangible assets may be not less than 250% of consolidated funded indebtedness. As of August 31, 1956, and October 31, 1956, earned surplus of $63,903,924 and $64,044,758, respectively, was restricted as to payment of dividends under the above mentioned provisions.

The agreement relating to the 2.95% note payable also provides for restrictions on the payment of dividends, but the amount of earned surplus so restricted is less than that shown above.

(8) Contingent liabilities and commitments:

At August 31, 1956, and at October 31, 1956, there were certain civil lawsuits and claims pending against the Company, as a result of which, in the opinion of management, no material loss will be sustained.

The companies are obligated under long-term leases as follows:

Real property leases expiring in:	Aggregate Annual Rental
2– 5 years	$263,000
6–10 years	210,000
11–15 years	21,000

At August 31, 1956, and at October 31, 1956, the Company had commitments of approximately $5,250,000 and $4,700,000, respectively, for the acquisition of property, plant and equipment.

(9) Retroactive application of direct surplus charges and credits:

Certain direct surplus charges and credits (net charge, $343,527) made in 1954 to record the liability for vacation pay and certain other expenses as of January 1, 1954, and to adjust renegotiation and other reserves provided in prior years, have been retroactively applied in the accompanying financial statements. As a result of such retroactive application, the net profit for the year 1953 shown in the accompanying statement of consolidated profit and loss and the balance of consolidated earned surplus at the beginning of 1953 are $108,706 and $234,821, respectively, less than the amounts previously reported to stockholders.

(10) **Retirement plan:**

The Company adopted a retirement plan effective as of January 1, 1944. All regular employees are eligible to join the plan upon completion of two years of service and attainment of age 25. The plan is supported by the joint contributions of the participating employees and the companies. A participating employee under age 65 contributes an amount equal to 2% of each year's annual compensation not in excess of $3,000, plus 4% of each year's compensation in excess of $3,000. The companies make all other contributions necessary, as determined by actuarial computation, to provide the benefits under the plan.

The companies' contributions to the plan, for the three years and eight months ended August 31, 1956, and for the two months ended October 31, 1956, were as follows: 1953, $1,111,569; 1954, $741,099; 1955, $975,532; eight months ended August 31, 1956, $651,684; two months ended October 31, 1956, $163,930. Funding of past service costs was completed in 1953 with a payment in that year of $82,738.

(11) **Executive incentive compensation plan:**

The Company has an incentive compensation plan which provides that, in its discretion, the Board of Directors may credit to the incentive compensation fund as soon as practicable after the close of each calendar year, an amount equal to 6% of the excess (if any) of adjusted consolidated net profit before taxes over 6% of the consolidated net worth at the beginning of the year for which the computation is being made. Awards from such fund are granted by the Board of Directors and are generally payable 50% in the year of award and the balance in installments over a period of two to four years as determined by the Board of Directors. The amount set aside for the incentive compensation fund for the calendar year 1955, the first year of the plan's operation, was $168,254. This amount was provided for in the accounts in 1956.

(12) **Supplementary profit and loss information:**

	Charged Directly to Profit and Loss				
	Years Ended December 31			Eight Months Ended August 31, 1956	Two Months Ended October 31, 1956 (Unaudited)
	1953	1954	1955		
Maintenance and repairs	$6,317,938	$6,054,202	$6,758,928	$4,994,991	$1,251,220
Depreciation and amortization of fixed assets	3,819,064	3,873,097	4,063,723	3,045,239	786,543
Amortization of leasehold improvements	87,496	111,029	95,150	64,453	5,544
Taxes, other than income and excess profits taxes:					
Social security and unemployment	969,478	976,185	989,725	794,531	113,323
Real estate and personal property	848,323	864,378	915,318	642,537	158,963
Other	163,390	136,997	171,443	144,458	24,710
Management and service contract fees	None	None	None	None	None
Rents	549,748	588,493	643,129	469,415	119,735
Royalties	92,311	70,221	47,140	26,267	23,036

The above amounts were charged directly to profit and loss in the respective periods. Segregation between charges to cost of goods sold and to expenses is not practicable.

(13) **Profit and loss for interim periods in 1956:**

The figures for the eight months ended August 31, 1956, and for the two months ended October 31, 1956, do not necessarily furnish a basis for estimating the results of operations for the full year 1956.